

P18-2(2)/14-3(400916)P

DEPARTMENT OF THE NAVY  
OFFICE OF THE JUDGE ADVOCATE GENERAL  
WASHINGTON, D. C.

Apr. 11, 1941

Sirs:

By letter of March 3, 1941 (No. P18-2(2)/14-3(400916)), the Secretary of the Navy authorized certain changes in Contracts Nod-1430, Nod-1432, Nod-1433, Nod-1497, Nod-1500, Nod-1503 and Nod-1642.

On page two of the above referenced letter, in the change under Article 17(d) of the General Provisions, reference was inadvertently made to claims for reimbursement under paragraphs "(a) or (b)" of that Article when paragraphs "(b) or (c)" were intended.

It is requested that the change letter be corrected by substituting "(b) or (c)" for "(a) or (b)" under Article 17(d).

By direction of the Secretary of the Navy.

Respectfully,

T. L. GATCH  
Acting Judge Advocate General  
of the Navy

Federal Shipbuilding  
and Dry Dock Company,  
Kearny, New Jersey.

CC: BuShips  
BuS&A  
CompBd (3)  
SupShip., Kearny  
G.A.O. (Audit Division)

P18-2(2)/11-3(400916) P

March 3, 1941

Sirs:

Articles 17(b), (c) and (d) of the General Provisions forming part of Contracts NOD-1430, NOD-1432, NOD 1433, NOD-1497, NOD-1500, NOD-1503 and NOD-1642, provide for reimbursement of the Contractor by the Navy Department of the additional cost incurred in connection with overtime and shift work, where such overtime or shift work has been approved by the Navy Department.

In order to extend these provisions to subcontracts, the Secretary of the Navy hereby authorizes the following changes in the General Provisions of each of the above-mentioned contracts:

Article 17(b):

Line 1 - after the word "contractor", insert the words "or any subcontractor under this contract".

Line 5 - after the word "contractor", insert the words "or such subcontractor".

Line 7 - after the word "contractor", insert the words "or such subcontractor".

Article 17(c):

Line 1 - after the word "contractor", insert the words "or any subcontractor under this contract".

Line 4 - after the word "contractor", insert the words "or such subcontractor".

Line 6 - after the word "contractor", insert the words "or such subcontractor".

Article 12(a):

Line 1 - after the word "contractor", insert the words and punctuation", or any subcontractor under this contract on whose behalf the contractor claims reimbursement under paragraphs (a) or (b) of this article."

For the sake of clarity, the Secretary of the Navy hereby further modifies the General Provisions forming part of Contracts N0d-1430, N0d-1432, N0d-1433, N0d-1497, N0d-1500 and N0d-1503, as follows:

Article 23(d):

Line 9 - after "vessel/vessels", insert "whereby agrees,"

Article 12(c) of Contracts N0d-1430, N0d-1433, N0d-1497, N0d-1500, N0d-1503 and N0d-1542, authorizes the Contractor, with the written approval of the Secretary of the Navy or the Chief of the Bureau of Ships as his duly authorized representative, to enter into subcontracts on a cost-plus-a-fixed-fee basis, on a price-adjustment basis, or on such other basis as may be approved. In order to permit the Contractor to modify existing subcontracts under this provision, the Secretary of the Navy hereby modifies each of these contracts as follows:

Article 12(c):

Line 5 - Change the period following the word "approved" to a semicolon and add the following:

"Similarly, if the contractor shall have obtained in advance such written approval, he may, by agreement with the subcontractor, change any subcontract to a cost-plus-a-fixed-fee basis, a price-adjustment basis, or such other basis as may be approved."

By letter of February 19, 1941, form of Contract N0d-1732 for the construction of four Destroyers Nos. DD345 to 348, inclusive, was forwarded to the Contractor for execution. If this contract has not been forwarded to the Navy

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Department, it is requested that the above changes, except for that applying to Article 23(G) of the General Provisions, which has already been made, be inserted in all copies of form of Contract N0d-1732 and the General Provisions forming part thereof, and that appropriate entries covering such insertions be added under Article 14 of the contract and Article 25 of the General Provisions.

It is requested that receipt of this letter be acknowledged.

Respectfully,

James Forrestal

Acting Secretary of the Navy

Federal Shipbuilding and Dry  
Dock Company,  
Kearny, New Jersey.

CC: BuShips                      CompEd (2)  
    SupShip, Kearny      G.M.O. (Audit Div)  
    BuC&A

other than subcontractors' cancellation charges, which the contractor shall have incurred on account of such cancellation, including reasonable compensation to it for the use of property of the contractor occupied or required by the unfinished vessel/vessels until final disposition thereof, as determined by the aforesaid Board; (5) the contractor shall be entitled to the costs as determined by the aforesaid Board with profit at 8.7 percent of the costs on items (1), (2), (3), and (4). (6) The contractor, furthermore, will be reimbursed, without profit to him, for any additional payments including subcontractors' cancellation charges made by the contractor with the approval of the Compensation Board by reason of the aforesaid cancellation of this contract.

(b) The amount which the Department shall pay to the contractor pursuant to the provisions of the foregoing paragraph (a) will be ascertained, estimated, and determined by the Compensation Board as soon as practicable after such cancellation is ordered. The amount so determined, when approved by the Secretary of the Navy (after a hearing, if desired by the contractor), shall be the amount that shall be paid to the contractor in full settlement of its rights under this contract: *Provided*, That the Secretary of the Navy may, in advance of final payment, make partial payments as amounts shall be found by the Compensation Board to be due to the contractor. As a condition precedent to final payment the contractor shall execute a release, in such form and containing such terms and conditions as shall be prescribed by the Secretary of the Navy, of all claims against the United States arising under or by virtue of this contract or the cancellation hereof.

12. The contractor will notify the Department not less than 30 days beforehand of the date of launching each vessel so that a sponsor for the vessel may be selected.

13. The contractor shall notify the Department in writing at least 2 weeks in advance of the actual date for starting trials and the approximate date for starting trials shall be furnished at least 30 days in advance.

14. Each vessel shall be sufficiently strong to carry safely the personnel and the armament, armor, ammunition (including torpedoes and their appendages), equipment, fuel oils, stores, and machinery prescribed by the Department and indicated in the plans and specifications; and the vessel shall be accepted only on condition that she shall, after the trials prescribed in the contract, be found to be strong and well built as defined therein and in strict conformity therewith.

15. The contractor shall notify the Department in writing at least 2 weeks in advance of the date proposed for delivery. After one-half of the contract time has expired the contractor shall, on the first day of each succeeding calendar month until the vessel is completed, inform the Department of the estimated date of completion.

16. The contractor shall be informed of all defects and deficiencies developing during the guaranteed period specified in this contract and for which it is held responsible, and, wherever practicable, the contractor shall be given an opportunity to inspect the defects and deficiencies for which the contractor is responsible before they are corrected; and the decision of the Secretary of the Navy or the Chief of the Bureau of Ships, as his duly authorized representative, as to the responsibility of the contractor for such defects and deficiencies shall be final and binding on the parties to this contract. The actual cost of correcting all defects and deficiencies for which the contractor is held responsible shall be deducted from the payment to be made in final settlement under this contract, or by refund if the amount reserved is exceeded by the amount to be deducted: *Provided*, That in order to expedite such final settlement, if the work of correcting any of the reported defects and deficiencies shall not have been undertaken when final settlement is otherwise due, the cost of correcting such defects and deficiencies may be determined as a change as provided in this contract, and the amount so determined deducted in lieu of the actual cost of such items in final settlement.

17. (a) During the continuance of the national emergency declared by the President of the United States on September 8, 1939, to exist, but not later than June 30, 1942, unless otherwise provided by law, the provisions of the law prohibiting more than eight (8) hours' labor in any one day of persons engaged upon work covered by this contract shall, in accordance with the Act approved June 28, 1940 (Public, No. 671, 76th Cong., 3d sess.), be suspended.

The provisions of Section 363 of the "Second Supplemental National Defense Appropriation Act, 1941," approved September 9, 1940 (Public, No. 781, 76th Cong., 3d sess.), are applicable to this contract.

(b) If the contractor, in the interest of National Defense, employs, with the approval of the Department, any person or persons upon the work covered by this contract in excess of eight (8) hours in any one day or of forty (40) hours in any one week, the Department will reimburse the contractor as determined by the Compensation Board for the net excess of the wage rates paid by the contractor over and above the regular wage rates paid by it for such overtime work, and the resultant increased State and Federal Social Security taxes actually paid by the contractor, to the sum of all of which shall be added 8.7 percent as profit thereon.

(c) If the contractor, in the interest of National Defense, employs, with the approval of the Department, any person or persons on work other than day work, the Department will reimburse the contractor as determined by the Compensation Board for the net excess, if any, of the wage rates paid by the contractor over and above the regular day wage rates paid by it for the same type of work, and the resultant increased State and Federal Social Security taxes actually paid by the contractor, to the sum of all of which shall be added 8.7 percent thereof, as profit.

(d) The contractor shall maintain such records as shall be necessary, in order that it may definitely show the amount of money actually paid by it for such overtime work and/or shift work.

(e) The contractor shall not employ any person undergoing sentence of imprisonment at hard labor.

(f) The contractor will report monthly, and will by agreement require its subcontractors to report in like manner, within 5 days after the close of each calendar month, on forms to be furnished by the United States Department of Labor, the number of persons on their respective pay rolls, the aggregate amount of such pay rolls, the man-hours worked, and the total expenditures for materials. The contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable: *Provided*, however, That the requirements of this paragraph shall be applicable only for work at the site of the construction project.

(g) Pursuant to the provisions of the Act approved June 13, 1934 (40 U.S.C. 276 (b) and (c)), concerning rates of pay for labor, the Secretary of the Treasury and the Secretary of the Interior have jointly promulgated the following regulations (amended March 23, 1937):

Board.

Launching.

Trials.

Strength.

Delivery.

Contractor to be notified of defects.

Eight-hour law.

Overtime.

Shift work.

Convict labor.

Labor relations.

Agreement concerning rates of pay for labor.



Any breach or violation of any of the foregoing representations and stipulations shall render the party responsible therefore liable to the United States of America for liquidated damages, in addition to damages for any other breach of this contract, in the sum of \$20 per day for each male person under 16 years of age or each female person under 18 years of age, or each convict laborer knowingly employed in the performance of this contract, and a sum equal to the amount of any

Representations  
and stipulations  
pursuant to the  
Walsh-Healey Act.

amount of this contract shall have the same effect as contracts for the cost and contractor. Any share of any of the proceeds from any amount paid by the United States toward deductions, interest account and shall be clearly been paid less the great sums were withheld shall be entering under of the withholding. The contractor shall pay at the site of the contract regulations under the Labor.

The foregoing stipulation shall not in excess of \$10. Unless and until otherwise under the condition of a piece rate received, no person is engaged in work in any one day or after payment may be in excess of the stipulations affecting of materials, supplies, and applicable to office or The contractor, subject to the following record of authorized personnel:

- (a) Name, address, sex,
- (b) Date of birth of each
- (c) Wage and hour record and pay period.
- (d) Compliance with the contract and the date.
- (e) That where no separate it shall be presumed in the plant, from the materials, supplies, articles in the performance of men, or suppliers shall mined or producing materials, or supplies State; the foregoing provisions are not mined, produced and reasonably available of Title III, section

This contract shall not, by other person or persons.

The contractor warrants upon any agreement of this warranty shall for deduction, to deduct from the price, brokerage, or continuing contractors upon contract or selling agencies maintaining Member of or Delegate share or part of this contract shall not be construed to extend.

Except as otherwise specified regarding any question under discrepancy appears before referred at once to the Secretary (made after a hearing). The parties hereto. No claim in writing to the Secretary of the guarantee period of the (a) As payments are made and rescues and materials on they become the sole responsibility relieving the contractor from obligation which

The contractor shall place a copy of the stipulation in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

Unless and until otherwise set by the Secretary of Labor, the rate of pay for any overtime performed under the conditions of stipulation (3) shall be one and one-half times the basic hourly rate or piece rate received by the employee. Overtime in any week shall not be more than 8 hours.

The stipulations affecting employees shall be deemed applicable only to employees engaged in or connected with the manufacture, fabrication, assembling, handling, supervision, or shipment of materials, supplies, articles, or equipment required under this contract and shall not be deemed applicable to office or custodial employees.

(a) Name, address, sex, and occupation of each employee covered by the contract stipulations.

(c) Wage and hour records for each such employee including the rate of wages and the amount paid each pay period, the hours worked each day, and the date of payment of wages.

15. In the performance of the work covered by this contract the contractor, subcontractors, material men, or suppliers shall use only such unmanufactured articles, materials, and supplies, as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States; the foregoing provision shall not apply to such articles, materials, or supplies of the class or kind to be used or such articles, materials, or supplies from which they are manufactured, as are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality, or to such articles, materials, or supplies as may be excepted by the head of the Department under the proviso of Title III, section 3, of the act of Congress approved March 3, 1933 (41 U. S. C.

Not transferable.

Covenant against  
contingent fees.

100.000 = 100.000  
100.000

Disputes.

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as a part thereof, a lien in favor of the United States shall attach immediately to said materials and shall be discharged on the completion and delivery of the vessel/vessels as to any materials not then incorporated as a part thereof. Said lien is pursuant to the provisions of the Act approved August 22, 1911, paramount.

(b) No payments shall be made except on vouchers in triplicate, certified by the Supervisor of Shipbuilding, in such form as shall be directed by the Secretary of the Navy.

(c) All warrants for payments under the contract shall be made payable to the contractor or its order.

(d) When payment is to be made under this contract, as a condition precedent thereto, the Secretary of the Navy, in his discretion, may require evidence satisfactory to him, to be furnished by the contractor, showing what, if any, liens or rights in rem of any kind against the vessel/vessels, or the machinery, fittings, or equipment, or the materials on hand for use in the construction thereof, have been or can be acquired for or on account of any work done, or any machinery, fittings, equipment, or material already incorporated as a part of the vessel/vessels, or on hand for use in the construction thereof; but the contractor, for itself and on its own account and for and on account of all persons, firms, associations, and corporations furnishing labor and material for the vessel/vessels and this contract is upon the express condition that no liens or rights in rem of any kind shall lie or attach upon or against the vessel/vessels or the machinery, fittings, or equipment, or the materials thereof, or any part thereof, or of any of them, for or on account of any work done upon or about the vessel/vessels, machinery, fittings, equipment, or materials, or of any materials furnished therefor or in connection therewith, nor for or on account of any other cause, or thing, or of any claims or demands of any kind, except the claims of the Department: *Provided, however*, That, in case by reason of the laws of any State the contractor shall be unable to comply with such express condition, then the Secretary of the Navy may waive such condition or take such other action as he may deem proper under the circumstances.

(e) When all the conditions, covenants, and provisions of this contract shall have been performed and fulfilled by and on the part of the contractor, it shall be entitled within 10 days after the filing and acceptance of its request therefor to receive the special reserve, or so much thereof as it may be entitled to, on the execution of a release, in such form and containing such terms and conditions as shall be prescribed by the Secretary of the Navy, of claims against the United States arising under or by virtue of this contract: *Provided, however*, That the Secretary of the Navy may, in his discretion, make partial payments on account of the special reserve and of any other balances due in advance of final settlement.

24. Should any surety upon the bond for the performance of this contract or upon the bond for payment of persons supplying labor or material hereunder become unacceptable to the Department, or if any such surety shall fail to furnish reports as to his financial condition from time to time as requested by the Department, the contractor shall furnish promptly such additional security as may be required from time to time to protect the interests of the Department and of persons supplying labor or materials in the prosecution of the work contemplated by this contract.

25. The following changes were made in these General Provisions before this contract was signed by the parties thereto:

Page 8

Article 23 (d), 4th line - The word "a" was inserted after the words "vessel/vessels"

Accepted as forming part of Navy Department Contract NO. 12443 of December 26, 1913.

Approved:

J. H. B. [Signature]  
Contractor.  
James [Signature]  
Secretary of the Navy.

NO PRICE ADJUST  
CHANGES IN LABO  
MATERIAL COSTS

Contract of Naval Vess

AUTHORIZING AN  
APPROPRIA

PROPE  
FOURTEEN  
OF TH

the contract, entered into  
with the Department  
General Motors Corpor  
under the laws of  
Michigan, hereinafter called  
as follows:

Article 1. The contractor  
of Providence, R.I., at its  
factory, construct and test  
100 478 to 486 class (here  
and specifications, includ  
ing the said plans and  
which shall be deemed and  
that if the same were  
the contractor specifically  
performance of the speci  
and the performance  
the contractor further spe  
and correction under this con  
the progress of the ship  
the machinery shall, after  
of the contractor.

Article 2. The Secretary of the  
changes in this contract, in  
of this contract, within  
the exclusive of the plans and  
of the Navy, and no changes shall  
by the Secretary of the Na  
representative; but nothing  
from proceeding with the

Article 3. Except as otherwise b  
unless ordered in writing  
by his duly authorized rep

Article 4. (a) The increased or d  
extra or other matters spe  
this article may be determin  
by mutual agreement, or

shall determine such inc  
shall be computed at the  
cost, and shall determine

curtus, in accordance with  
the parties hereto shall be bound  
the amount of increase or red

shall proceed with the work  
being, insofar as practicable,  
of the Department.  
request for adjust